(b) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) No, Sir.

(b) Does not arise.

New Pension Scheme

3595. SHRI VIJAY J. DARDA:
SHRIMATI SYEDA ANWARA TAIMUR:

Will the Minister of FINANCE be pleased to state:

(a) whether most of the State Governments have broad agreement with the proposed New Pension Scheme to invest 5 per cent of its corpus in the stock market;

(b) if so, whether the views of important Federation of Labour Unions have been taken into account; and

(c) whether this scheme would suffice to set Government finances in order, or this is the first steps towards taking more risk-oriented investment decision?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) At a Conference of Chief Ministers held on 22nd January, 2007 on the subject of pension reforms, a majority of States, except Kerala, West Bengal and Tripura supported the proposed interim investment arrangement for the New Pension System (NPS).

Government have taken note of the views expressed in this conference and by other stakeholders and will continue consultations with all the entities concerned to arrive at a consensus on pension reforms.

(c) Unlike the earlier pension system, in the new scheme, Government is explicitly budgeting money upfront for pension by making a matching contribution into each employee's pension account. The transition from a defined benefit (DB) to a defined contribution (DC) pension system would involve transition costs, as Government has to meet liabilities arising from both types of systems for some time. This will gradually decline and savings will appear when the entire set of existing pensioners cease to draw DB

pension, including family pension. Projections indicate that this could occur from some time during the 2030s.

The proposed interim investment arrangement is based on the current guidelines for non-government provident funds, superannuation funds and gratuity fund and is intended for investment of the accumulated corpus under the NPS, pending the passage of the Pension Fund Regulatory and Development Authority Bill, 2005. There would be no compulsion on employees to invest their pension contribution into the stock market.

In addition there would be an option of 100% investment in Government securities.

Settlement of insurance ciaims for farmers

3596. SHRI M.V. MYSURA REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the farmers have received claims more than three time the net premium paid by farmers for paddy and groundnut;

(b) if so, the details thereof?

(c) the details of number of farmers who paid premium and insured crops and the number of farmers and insured crops and the number of farmers whose claims were settled during the last three years; and

(d) the percentage of establishment costs of Agricultural Insurance Company Limited (AICL) out of the premiums paid by farmers?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) Yes. Sir. The season-wise details of net premium paid by the farmers for paddy and groundnut crops, the claims received by them, the number of farmers who paid premium and insured crops and the number of farmers whose claims were settled during the last three years are given in the Statement (See below).

(d) The establishment cost (expenses of management) of AICL during the year 2005-06 was Rs. 18.52 crore and the net premium paid by farmers (gross premium—subsidy) was Rs. 527.72 crow. The expenses of management thus formed 3.51 per cant of the net premium paid by the farmers.